

Message Text

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EXDIS:FOR ROBINSON FROM FRANK

E.O. 11652: N/A

TAGS: UNCTAD, CIEC, OECD

SUBJECT: DISCUSSIONS WITH VAN LENNEP ON CIEC, UNCTAD,
--- AND THE OECD MINISTERIAL

REF: STATE 102877 TOSEC 110268

1. AS I INDICATED IN REFTEL, I SPENT SEVERAL HOURS WITH
VAN LENNEP OF THE OECD ON SUNDAY NIGHT AND MONDAY MORNING,
APRIL 25-26, DISCUSSING VARIOUS IDEAS ON CIEC, UNCTAD AND
THE OECD JUNE MINISTERIAL. IN THIS CABLE I WILL REPORT
ON THOSE MEETINGS.

2. VAN LENNEP WAS CONCERNED ABOUT SOME OF THE PROBLEMS
THAT CIEC WAS FACING. HE FELT THE MAJOR DIFFICULTIES
STEMMED FROM HAVING THE EUROPEAN COMMUNITY REPRESENTED
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BY ONE SPOKESMAN. THIS EFFECTIVELY ELIMINATED THE MAJOR
EUROPEAN COUNTRIES FROM INJECTING ANY INITIATIVES OR
IDEAS INTO THE CIEC DISCUSSIONS.

3. VAN LENNEP SUGGESTED THAT IF CIEC WERE TO BE CONTINUED IN ANY FORM, THE MEMBERSHIP OF THE FOUR COMMISSIONS WOULD HAVE TO BE CHANGED DRASTICALLY, BOTH TO ENCOURAGE MORE DIVERSITY OF VIEW AND TO PICK MORE APPROPRIATE COUNTRIES FOR EACH OF THE INDIVIDUAL COMMISSIONS.

4. VAN LENNEP ALSO FELT THAT AFTER THE CIEC MINISTERIAL, THE CIEC FOUR COMMISSIONS WOULD HAVE TO BE MORE CLOSELY RELATED TO THE UNITED NATIONS STRUCTURE. HE THOUGHT IT MADE SENSE TO HAVE CIEC MORE CLOSELY RELATED TO THE COMMITTEE STRUCTURE OF UNCTAD, PROVIDED THAT THE UNCTAD SECRETARIAT WOULD BEGIN TO HAVE A MORE NEUTRAL ROLE AND THAT THE GROUP OF 77 WOULD ESTABLISH THEIR OWN SECRETARIAT.

5. VAN LENNEP WAS MOST CONCERNED THAT THE UNCTAD CONFERENCE WOULD STUMBLE OVER THE INSTITUTIONAL ISSUE. HE WAS NOT SURE THAT COREA HAD A CLEAR OR PRECISE IDEA OF HOW HE WANTED TO RESTRUCTURE UNCTAD AND HOW THIS RESTRUCTURING WOULD AFFECT THE RELATIONSHIP BETWEEN CIEC AND UNCTAD. HE HAD TOLD COREA IN PARIS THAT WHEN COREA MET ROBINSON IN WASHINGTON, HE SHOULD FOCUS ON EXPLORING POSSIBILITIES ON THE INSTITUTIONAL ISSUE.

6. MOST OF THE DISCUSSION WITH VAN LENNEP CENTERED ON PREPARATIONS FOR THE OECD MINISTERIAL IN JUNE. THE MINISTERIAL WILL DEAL WITH TWO MAIN ISSUES: RELATIONSHIPS AMONG THE INDUSTRIALIZED NATIONS, AND RELATIONS BETWEEN INDUSTRIALIZED NATIONS AND DEVELOPING NATIONS. VAN LENNEP'S MAIN CONCERN SEEMED TO BE WITH THE LATTER. IT WAS FAIRLY CLEAR TO EVERYONE THAT THE INVESTMENT CODE, THE TRADE PLEDGE, AND A DISCUSSION OF MEDIUM TERM GROWTH PROSPECTS WOULD PROVIDE CONSIDERABLE SUBSTANCE FOR THE DISCUSSIONS CONCERNING RELATIONS AMONG INDUSTRIALIZED NATIONS. IT WAS NOT CLEAR, HOWEVER, ON LIMITED OFFICIAL USE
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WHAT THE NORTH-SOUTH DISCUSSIONS WOULD FOCUS.

7. AS YOU MAY REMEMBER, LAST YEAR THE OECD MINISTERS APPROVED A DECLARATION CONCERNING RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. THIS DECLARATION DEALT WITH SPECIFIC ISSUES THAT WERE GOING TO BE TAKEN UP AT THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY.

8. VAN LENNEP HAS A SIMILAR IDEA CONCERNING A DECLARATION FOR THIS YEAR'S MINISTERIAL. BUT THIS YEAR'S DECLARATION WOULD DIFFER IN SOME IMPORTANT RESPECTS.

IT WOULD BE A STATEMENT OF GENERAL PRINCIPLES CONCERN-
ING GLOBAL ECONOMIC RELATIONS. THIS STATEMENT OF
PRINCIPLES WOULD CONSTITUTE A COMMON POSITION FOR THE
OECD COUNTRIES AND WOULD FORM A BASIC PLATFORM FOR
THE INDUSTRIALIZED NATIONS.

9. AT SUNDAY NIGHT'S MEETING, JIM GRANT, HAL MALMGREN,
ROGER HANSEN AND MYSELF KICKED AROUND VARIOUS IDEAS
WITH VAN LENNEP CONCERNING WHAT MIGHT BE INCLUDED IN SUCH
A STATEMENT OF GENERAL PRINCIPLES. THE NEXT DAY AT A
MEETING OF THE OVERSEAS DEVELOPMENT COUNCIL, VAN LENNEP
MADE A PRESENTATION BASED ON HIS IDEAS, INCORPORATING
THE IDEAS OF THE PREVIOUS EVENING'S DISCUSSIONS. HIS
PRESENTATION WAS VERY WELL RECEIVED BY THIS LARGER
AUDIENCE.

10. THE OECD DECLARATION MIGHT HAVE TWO MAIN SECTIONS.
THE FIRST WOULD CONCERN DEVELOPMENT COOPERATION -- HOW
THE DEVELOPED COUNTRIES MIGHT ASSIST THE DEVELOPING
COUNTRIES IN THE PROCESS OF DEVELOPMENT. THE SECOND
WOULD DEAL WITH THE NEED TO PROTECT THE INTERESTS OF
BOTH DEVELOPED AND DEVELOPING COUNTRIES IN A WORLD OF
GROWING INTERDEPENDENCE WHICH CAUSED NATIONS TO BECOME
INCREASINGLY VULNERABLE TO ECONOMIC EVENTS IN OTHER
COUNTRIES.

11. WITHIN EACH OF THESE TWO SECTIONS, THERE MIGHT BE:

-- A STATEMENT OF NORMS OR VALUES;
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-- A STATEMENT OF POLICY DIRECTIONS IMPLIED BY THESE
NORMS; AND

-- A STATEMENT OF THE PRINCIPLES THAT OUGHT TO INFLUENCE
DECISIONMAKING AND INTERNATIONAL NEGOTIATION.

12. IN THE DEVELOPMENT COOPERATION SECTION THERE MIGHT
BE TWO BASIC GOALS. FIRST, CONCESSIONAL DEVELOPMENT
ASSISTANCE BY THE DEVELOPED NATIONS OUGHT TO BE FOCUSED
ON THE POOREST PEOPLE WITHIN THE DEVELOPING NATIONS.
SECOND, ALL NATIONS OUGHT TO HAVE EQUALITY OF OPPOR-
TUNITY FOR DEVELOPMENT. THIS SECOND GOAL WOULD APPLY
PARTICULARLY TO THE MIDDLE RANGE OF COUNTRIES AND
WOULD FOCUS ON EQUALITY OF ACCESS TO EXPORT, CAPITAL,
AND MONEY MARKETS.

13. THESE GOALS MIGHT IMPLY THE FOLLOWING POLICIES:

-- CONCESSIONAL DEVELOPMENT ASSISTANCE SHOULD BE
MADE CONDITIONAL ON DEMONSTRATION BY RECIPIENTS

OF INTENT TO ASSIST THE POOREST PEOPLE WITHIN
THEIR COUNTRIES.

-- POLICY MEASURES WHICH IMPLICITLY OR INDIRECTLY
TRANSFER RESOURCES FROM DEVELOPED TO DEVELOPING

COUNTRIES SHOULD BE AIMED LARGELY AT THE POOREST
COUNTRIES. FOR EXAMPLE, THE GENERALIZED SYSTEM
OF PREFERENCES, WHICH PROVIDES IMPLICIT RESOURCE
TRANSFERS, MIGHT BE EXPANDED AND DIRECTED MORE
SPECIFICALLY TO THE POOREST COUNTRIES AND PHASED
OUT FOR THE MIDDLE RANGE OF COUNTRIES.

-- TRADE, FINANCIAL AND INVESTMENT POLICIES SHOULD
BE FOCUSED ON PROVIDING EQUALITY OF OPPORTUNITY.
DISCRIMINATION EITHER EXPLICIT OR IMPLICIT AGAINST
DEVELOPING COUNTRIES SHOULD BE ELIMINATED. FOR
EXAMPLE, IT IS FREQUENTLY CLAIMED THAT DEVELOPING
COUNTRIES HAVE LESS ACCESS TO LONG-TERM CAPITAL
MARKETS AND TO EXPORT FINANCE THAN DO DEVELOPED
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COUNTRIES. POLICIES WOULD BE AIMED AT EQUAL-
IZING THIS ACCESS.

14. DECISIONMAKING PROCEDURES CONCERNING DEVELOPMENT
COOPERATION ISSUES WOULD REFLECT THE NEED TO TAKE
SPECIAL CONSIDERATION OF DEVELOPING COUNTRY VIEWS.

15. IN THE SECTION ON ECONOMIC SECURITY, THE PRIMARY
GOAL WOULD BE A REDUCTION IN THE ECONOMIC VULNERABILITY
OF COUNTRIES TO EVENTS IN OTHER COUNTRIES. THE EMPHASIS
HERE WOULD BE ON SOLVING PROBLEMS OF MUTUAL CONCERN TO
DEVELOPED AND DEVELOPING COUNTRIES TO THEIR MUTUAL
BENEFIT. THIS SECTION MIGHT DEAL WITH SEVEN PROBLEM
AREAS:

-- FOOD. THE LONG-TERM AVAILABILITY OF FOOD AND
THE REDUCTION OF FLUCTUATION IN SUPPLY AND PRICE
WOULD BE THE GOAL AND WOULD BENEFIT ALL NATIONS.
POLICIES OUGHT TO FACILITATE THE APPLICATION OF
CAPITAL AND TECHNOLOGY NECESSARY TO INCREASE
LONG-RUN FOOD SUPPLIES AND PROVIDE FOOD SECURITY
THROUGH A SYSTEM OF INTERNATIONAL RESERVES.

-- ENERGY. INSURING ADEQUATE SUPPLY AT REASONABLE
PRICES AND RATIONAL DEVELOPMENT OF THE WORLD'S
ENERGY RESOURCES SHOULD BE THE GOAL. POLICIES
WOULD BE AIMED AT DEVELOPING ENERGY RESOURCES AT
THE LOWEST POSSIBLE COST, DIVERSIFYING SOURCES
OF ENERGY SUPPLY, AND REDUCING THE ENERGY VUL-

NERABILITY OF ALL NATIONS.

-- RAW MATERIALS. THE GOAL WOULD BE ADEQUATE LONG
RUN SUPPLIES AND MODERATION IN PRICE FLUCTUATIONS.
POLICIES WOULD BE DESIGNED TO FACILITATE THE

FLOW OF CAPITAL, MANAGEMENT, AND TECHNOLOGY TO
DEVELOP COMMERCIALY VIABLE PROJECTS ON A WORLD-
WIDE BASIS AND TO MODERATE PRICE FLUCTUATION
WHERE POSSIBLE THROUGH BUFFER STOCKS THAT
OPERATE TO STABILIZE PRICES ABOUT A LONG-TERM
MARKET TREND.

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-- TRADE. THE GOAL WOULD BE THE ACHIEVEMENT OF A
UNIVERSAL, LIBERAL, OPEN INTERNATIONAL TRADE
SYSTEM. POLICIES TOWARD THIS END WOULD BE
FOCUSED IN THE MULTILATERAL TRADE NEGOTIATION.

-- INFLATION. IN AN INCREASINGLY INTERDEPENDENT
WORLD INFLATION BECOMES AN INTERNATIONAL AS
WELL AS A NATIONAL CONCERN. ALL NATIONS ARE
VULNERABLE TO INFLATION PRESSURES FROM OTHER
COUNTRIES. POLICIES SHOULD BE AIMED AT A
CONCERTED, COOPERATIVE APPROACH TOWARD CON-
TROLLING INTERNATIONAL LIQUIDITY AND INFLATION.

-- INTERNATIONAL MIGRATION OF LABOR. IN A WORLD
IN WHICH TRANSPORTATION AND COMMUNICATIONS ARE
CONTINUALLY IMPROVING, THE PROBLEM OF INTERNATIONAL
LABOR MIGRATION WILL BE A GROWING THREAT TO
STABILITY WITHIN AND AMONG NATIONS. POLICIES
SHOULD BE AIMED AT ESTABLISHING INTERNATIONAL
GUIDELINES TO DETERMINE WHAT IS ACCEPTABLE
AND FAIR TREATMENT CONCERNING INTERNATIONAL
LABOR MIGRATION.

-- INVESTMENT AND INTERNATIONAL CAPITAL FLOWS.
ALL NATIONS ARE CONCERNED ABOUT EXPORT OF THEIR
OWN CAPITAL TO OTHER NATIONS AND TO FOREIGN
INVESTMENTS WITHIN THEIR OWN BORDERS. IN AN
INCREASINGLY INTERDEPENDENT WORLD ALL NATIONS
ARE MORE VULNERABLE TO THIS KIND OF PROBLEM.
INTERNATIONAL POLICIES SHOULD BE AIMED AT
ESTABLISHING GUIDELINES TO GOVERN FAIR TREAT-
MENT BY HOST GOVERNMENTS AND ACCEPTABLE BEHAVIOR
BY INTERNATIONAL INVESTORS AND TO MINIMIZE
RESTRICTIONS ON INTERNATIONAL CAPITAL FLOWS.

16. A STATEMENT OF THIS SORT MIGHT BE GIVEN SOME
CATCHY TITLE -- TO GIVE THE DEVELOPED NATIONS A COUNTER

TO THE NEW INTERNATIONAL ECONOMIC ORDER. FOR EXAMPLE,
WE MIGHT BUILD UPON YOUR CONCEPT OF A NEW GLOBAL
ECONOMIC ORDER THAT COULD BE A PLATFORM ON WHICH THE
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INDUSTRIALIZED COUNTRIES COULD STAND.

17. DECISIONMAKING PROCEDURES CONCERNING PRIMARILY
ISSUES OF ECONOMIC SECURITY SHOULD REFLECT THE BASIC
INTERESTS OF THE COUNTRIES INVOLVED AND THEIR ABILITY
TO INFLUENCE THE RESULT.

18. I THINK A STATEMENT OF THIS SORT WOULD HAVE CON-
SIDERABLE DOMESTIC AND INTERNATIONAL POLITICAL APPEAL.
I THINK IT WOULD BE ESPECIALLY IMPORTANT TO DEVELOP
A STRONG SECTION ON ECONOMIC SECURITY, IMPLYING THE
NEED TO PROTECT THE NATIONAL INTERESTS OF THE INDUS-
TRIALIZED COUNTRIES AS WELL AS RESPOND TO NEEDS OF
THE DEVELOPING NATIONS.

19. THIS PLATFORM OR DECLARATION MIGHT ALSO PROVIDE
A FRAMEWORK THAT COULD GUIDE THE WORK OF THE NEW OECD
CENTER PROPOSED BY THE JAPANESE TO STUDY ECONOMIC
GROWTH AND HARMONIOUS RELATIONS AMONG DEVELOPED AND
DEVELOPING COUNTRIES. FOR EXAMPLE, THIS CENTER MIGHT
TRY TO INVESTIGATE WAYS IN WHICH THE INTERNATIONAL
SYSTEM DISCRIMINATES AGAINST THE DEVELOPING COUNTRIES
AND ATTEMPT TO DEVISE POLICY SUGGESTIONS THAT WOULD
PROVIDE MORE EQUAL OPPORTUNITY. THEY MIGHT ALSO
STUDY WAYS IN WHICH CONCESSIONAL DEVELOPMENT ASSIS-
TANCE CAN BE LINKED TO EFFORTS TO ASSIST THE POOREST
PEOPLE WITHIN RECIPIENT COUNTRIES.

20. VAN LENNEP WOULD LIKE TO SET UP A VERY INFORMAL
WORKING GROUP THAT MIGHT BEGIN DRAFTING A DECLARATION
OF THIS SORT. HE

SAID HE WOULD LIKE TO HAVE MYSELF, THIERRY DE
MONTBRIAL FROM FRANCE, AND HAL MALMGREN AS A CON-
SULTANT FROM THE OECD PARTICIPATE IN SUCH A WORKING
GROUP. I SAID I THOUGHT IT WOULD BE IMPORTANT TO
GET A JAPANESE AND SOMEONE FROM THE UK INVOLVED IN
THIS EXERCISE AND THAT I MIGHT BE ABLE TO GIVE HIM SOME
SUGGESTIONS. VAN LENNEP WOULD LIKE TO GET PEOPLE WHO
HAVE BEEN WORKING ON THESE ISSUES OF NORTH-SOUTH
RELATIONS AND RELATED ISSUES FROM A BROAD SYSTEMATIC
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